

SECOND REGULAR SESSION

HOUSE BILL NO. 1453

97TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES HOSKINS (Sponsor), KOENIG, BERRY, DOHRMAN, WALKER, BERNSKOETTER, LICHTENEGGER, CRAWFORD, MCGAUGH, KOLKMEYER, PIKE, LYNCH, PHILLIPS, FRANKLIN, GATSCHENBERGER, REDMON AND FRAKER (Co-sponsors).

4948H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 143.011, 143.021, and 143.071, RSMo, and to enact in lieu thereof four new sections relating to taxation.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 143.011, 143.021, and 143.071, RSMo, are repealed and four new
2 sections enacted in lieu thereof, to be known as sections 143.011, 143.021, 143.022, and
3 143.071, to read as follows:

143.011. **1.** A tax is hereby imposed for every taxable year on the Missouri taxable
2 income of every resident. The tax shall be determined by applying the tax table or the rate
3 provided in section 143.021, which is based upon the following rates: If the Missouri taxable
4 income is: The tax is:

5 Not over \$1,000.00	1 1/2% of the Missouri taxable income
6 Over \$1,000 but not over \$2,000	\$15 plus 2% of excess over \$1,000
7 Over \$2,000 but not over \$3,000	\$35 plus 2 1/2% of excess over \$2,000
8 Over \$3,000 but not over \$4,000	\$60 plus 3% of excess over \$3,000
9 Over \$4,000 but not over \$5,000	\$90 plus 3 1/2% of excess over \$4,000
10 Over \$5,000 but not over \$6,000	\$125 plus 4% of excess over \$5,000
11 Over \$6,000 but not over \$7,000	\$165 plus 4 1/2% of excess over \$6,000
12 Over \$7,000 but not over \$8,000	\$210 plus 5% of excess over \$7,000
13 Over \$8,000 but not over \$9,000	\$260 plus 5 1/2% of excess over \$8,000
14 Over \$9,000	\$315 plus 6% of excess over \$9,000

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

15 **2. (1) For all tax years beginning on or after January 1, 2015, the top rate of tax**
16 **under subsection 1 of this section may be reduced over a period of time such that the top**
17 **rate of tax shall not be reduced below five percent. Each reduction in the top rate of tax**
18 **shall be by one-tenth of a percent and no more than one reduction shall occur in a calendar**
19 **year. Reductions in the rate of tax shall take effect on January first of a tax year and such**
20 **reduced rates shall continue in effect until the next reduction occurs.**

21 **(2) A reduction in the rate of tax shall only occur if the amount of net general**
22 **revenue collected in the previous fiscal year exceeds the highest amount of net general**
23 **revenue collected in any of the three fiscal years prior to such fiscal year by at least two**
24 **hundred million dollars.**

25 **(3) Any modification of tax rates under this subsection shall only apply to tax years**
26 **that begin on or after a modification takes effect.**

27 **(4) The director of the department of revenue shall, by rule, adjust the tax tables**
28 **under subsection 1 of this section to effectuate the provisions of this subsection. The**
29 **bracket for income over nine thousand dollars shall be eliminated once the top rate of tax**
30 **has been reduced to five and one-half percent. The bracket for income over eight thousand**
31 **dollars shall be eliminated once the top rate of tax has been reduced to five percent.**

32 **3. Whenever a reduction in the tax rate occurs under subsection 2 of this section,**
33 **of the two hundred million dollars or more in net general revenue growth, forty percent**
34 **shall be deposited into the school district trust fund established in section 144.701, and**
35 **twenty percent shall be designated for the support of higher education until such time that**
36 **the foundation formula is fully funded. In the event that the foundation formula becomes**
37 **fully funded, any remaining revenue shall revert to the general revenue fund.**

143.021. **1. Every resident having a taxable income of less than nine thousand dollars**
2 **shall determine his tax from a tax table prescribed by the director of revenue and based upon the**
3 **rates provided in section 143.011. The tax table shall be on the basis of one hundred dollar**
4 **increments of taxable income below nine thousand dollars. The tax provided in the table shall**
5 **be the amount rounded to the nearest whole dollar by applying the rates in section 143.011 to the**
6 **taxable income at the midpoint of each increment, except there shall be no tax on a taxable**
7 **income of less than one hundred dollars. Every resident having a taxable income of nine**
8 **thousand dollars or more shall determine his tax from the rate provided in section 143.011. This**
9 **subsection shall only apply if the top rate of tax under section 143.011 is greater than five**
10 **and one-half percent.**

11 **2. Every resident having a taxable income of less than eight thousand dollars shall**
12 **determine his or her tax from a tax table prescribed by the director of revenue and based**
13 **upon the rates provided in section 143.011. The tax table shall be on the basis of one**
14 **hundred dollar increments of taxable income below eight thousand dollars. The tax**

15 provided in the table shall be the amount rounded to the nearest whole dollar by applying
16 the rates in section 143.011 to the taxable income at the midpoint of each increment, except
17 there shall be no tax on a taxable income of less than one hundred dollars. Every resident
18 having a taxable income of eight thousand dollars or more shall determine his or her tax
19 from the rate provided in section 143.011. This subsection shall only apply if the top rate
20 of tax under section 143.011 is greater than five percent and less than or equal to five and
21 one-half percent.

22 3. Every resident having a taxable income of less than seven thousand dollars shall
23 determine his or her tax from a tax table prescribed by the director of revenue and based
24 upon the rates provided in section 143.011. The tax table shall be on the basis of one
25 hundred dollar increments of taxable income below seven thousand dollars. The tax
26 provided in the table shall be the amount rounded to the nearest whole dollar by applying
27 the rates in section 143.011 to the taxable income at the midpoint of each increment, except
28 there shall be no tax on a taxable income of less than one hundred dollars. Every resident
29 having a taxable income of seven thousand dollars or more shall determine his or her tax
30 from the rate provided in section 143.011. This subsection shall only apply if the top rate
31 of tax under section 143.011 is equal to five percent.

143.022. 1. As used in this section, "business income" means the Missouri source net
2 profit from business determined under the provisions of this chapter and the Internal
3 Revenue Code as reported on:

- 4 (1) Schedule C of Form 1040, Profit or Loss From Business (Sole Proprietorship);
- 5 (2) Form 1120S, U.S. Income Tax Return for an S Corporation; and
- 6 (3) Form 1065, U.S. Return of Partnership Income.

7 Business income shall not include "compensation" as such term is defined under
8 subsection 1 of article IV of section 32.200, "guaranteed payments" as defined by the
9 Internal Revenue Code, or income from the operation of a farm or ranch.

10 2. In addition to all other modifications allowed by law, there shall be subtracted
11 from the federal adjusted gross income of an individual taxpayer a percentage of business
12 income, to the extent it is included in federal adjusted gross income when determining the
13 taxpayer's Missouri adjusted gross income.

14 3. In the case of a small corporation described in section 143.471 or a partnership,
15 computing the deduction allowed under subsection 2 of this section, taxpayers described
16 in subdivisions (1), (2), or (3) of this subsection shall be allowed such deduction
17 apportioned in proportion to their share of ownership of the business on the last day of the
18 taxpayer's tax period for which such deduction is being claimed when determining the
19 Missouri adjusted gross income of:

- 20 (1) The shareholders of a small corporation as described in section 143.471;

21 **(2) The partners in a partnership; and**

22 **(3) The members in a limited liability company.**

23 **4. The percentage to be subtracted under subsection 2 of this section shall be**
24 **increased over a period of years. Each increase in the percentage shall be by five percent**
25 **and no more than one increase shall occur in a calendar year. The maximum percentage**
26 **that may be subtracted is fifty percent of business income. Any increase in the percentage**
27 **that may be subtracted shall take effect for all tax years beginning on or after January first**
28 **of a calendar year and such percentage shall continue in effect until the next percentage**
29 **increase occurs. An increase shall only apply to tax years that begin on or after the**
30 **increase takes effect.**

31 **5. An increase in the percentage that may be subtracted under subsection 2 of this**
32 **section shall only occur if the amount of net general revenue collected in the previous fiscal**
33 **year exceeds the highest amount of net general revenue collected in any of the three fiscal**
34 **years prior to such fiscal year by at**
35 **least two hundred million dollars.**

36 **6. The first year that a taxpayer may make the subtraction under subsection 2 of**
37 **this section is for tax years beginning on or after January 1, 2015, provided that the**
38 **provisions of subsection 5 of this section are met. If the provisions of subsection 5 of this**
39 **section are met, the percentage that may be subtracted in tax year 2015 is five percent.**

143.071. 1. For all tax years beginning before September 1, 1993, a tax is hereby
2 imposed upon the Missouri taxable income of corporations in an amount equal to five percent
3 of Missouri taxable income.

4 2. For all tax years beginning on or after September 1, 1993, but before the later of
5 **December 31, 2014, or the first calendar year after the amount of net general revenue**
6 **collected in the previous fiscal year exceeded the highest amount of net general revenue**
7 **collected in any of the three fiscal years prior to such fiscal year by at least two hundred**
8 **million dollars,** a tax is hereby imposed upon the Missouri taxable income of corporations in
9 an amount equal to six and one-fourth percent of Missouri taxable income.

10 **3. (1) Beginning with the first tax year after the amount of net general revenue**
11 **collected in the previous fiscal year exceeded the highest amount of net general revenue**
12 **collected in any of the three fiscal years prior to such fiscal year by at least two hundred**
13 **million dollars, for all tax years beginning in that calendar year and thereafter, until the**
14 **provisions of subdivision (2) of this subsection are met, a tax is hereby imposed upon the**
15 **Missouri taxable income of corporations in an amount equal to six and three-twentieths**
16 **percent of Missouri taxable income.**

17 **(2) For all tax years after the provisions of subdivision (1) of this subsection have**
18 **been met and until the provisions of subdivision (3) of this subsection are met, beginning**

19 with the tax year after the amount of net general revenue collected in the previous fiscal
20 year exceed the highest amount of net general revenue collected in any of the three fiscal
21 years prior to such fiscal year by at least two hundred million dollars, for all tax years
22 beginning in that calendar year and thereafter, a tax is hereby imposed upon the Missouri
23 taxable income of corporations in an amount equal to six and one-twentieth percent of
24 Missouri taxable income.

25 (3) For all tax years after the provisions of subdivision (2) of this subsection have
26 been met and until the provisions of subdivision (4) of this subsection are met, beginning
27 with the tax year after the amount of net general revenue collected in the previous fiscal
28 year exceeded the highest amount of net general revenue collected in any of the three fiscal
29 years prior to such fiscal year by at least two hundred million dollars, for all tax years
30 beginning in that calendar year and thereafter, a tax is hereby imposed upon the Missouri
31 taxable income of corporations in an amount equal to five and nineteen-twentieths percent
32 of Missouri taxable income.

33 (4) For all tax years after the provisions of subdivision (3) of this subsection have
34 been met and until the provisions of subdivision (5) of this subsection are met, beginning
35 with the tax year after the amount of net general revenue collected in the previous fiscal
36 year exceeded the highest amount of net general revenue collected in any of the three fiscal
37 years prior to such fiscal year by at least two hundred million dollars, for all tax years
38 beginning in that calendar year and thereafter, a tax is hereby imposed upon the Missouri
39 taxable income of corporations in an amount equal to five and seventeen-twentieths
40 percent of Missouri taxable income.

41 (5) For all tax years after the provisions of subdivision (4) of this subsection have
42 been met and until the provisions of subdivision (6) of this subsection are met, beginning
43 with the tax year after the amount of net general revenue collected in the previous fiscal
44 year exceeded the highest amount of net general revenue collected in any of the three fiscal
45 years prior to such fiscal year by at least two hundred million dollars, for all tax years
46 beginning in that calendar year and thereafter, a tax is hereby imposed upon the Missouri
47 taxable income of corporations in an amount equal to five and three-fourths percent of
48 Missouri taxable income.

49 (6) For all tax years after the provisions of subdivision (5) of this subsection have
50 been met and until the provisions of subdivision (7) of this subsection are met, beginning
51 with the tax year after the amount of net general revenue collected in the previous fiscal
52 year exceeded the highest amount of net general revenue collected in any of the three fiscal
53 years prior to such fiscal year by at least two hundred million dollars, for all tax years
54 beginning in that calendar year and thereafter, a tax is hereby imposed upon the Missouri

55 taxable income of corporations in an amount equal to five and thirteen-twentieths percent
56 of Missouri taxable income.

57 (7) For all tax years after the provisions of subdivision (6) of this subsection have
58 been met and until the provisions of subdivision (8) of this subsection are met, beginning
59 with the tax year after the amount of net general revenue collected in the previous fiscal
60 year exceeded the highest amount of net general revenue collected in any of the three fiscal
61 years prior to such fiscal year by at least two hundred million dollars, for all tax years
62 beginning in that calendar year and thereafter, a tax is hereby imposed upon the Missouri
63 taxable income of corporations in an amount equal to five and eleven-twentieths percent
64 of Missouri taxable income.

65 (8) For all tax years after the provisions of subdivision (7) of this subsection have
66 been met and until the provisions of subdivision (9) of this subsection are met, beginning
67 with the tax year after the amount of net general revenue collected in the previous fiscal
68 year exceeded the highest amount of net general revenue collected in any of the three fiscal
69 years prior to such fiscal year by at least two hundred million dollars, for all tax years
70 beginning in that calendar year and thereafter, a tax is hereby imposed upon the Missouri
71 taxable income of corporations in an amount equal to five and nine-twentieths percent of
72 Missouri taxable income.

73 (9) For all tax years after the provisions of subdivision (8) of this subsection have
74 been met and until the provisions of subdivision (10) of this subsection are met, beginning
75 with the tax year after the amount of net general revenue collected in the previous fiscal
76 year exceeded the highest amount of net general revenue collected in any of the three fiscal
77 years prior to such fiscal year by at least two hundred million dollars, for all tax years
78 beginning in that calendar year and thereafter, a tax is hereby imposed upon the Missouri
79 taxable income of corporations in an amount equal to five and seven-twentieths percent of
80 Missouri taxable income.

81 (10) For all tax years after the provisions of subdivision (9) of this subsection have
82 been met, beginning with the tax year after the amount of net general revenue collected in
83 the previous fiscal year exceeded the highest amount of net general revenue collected in any
84 of the three fiscal years prior to such fiscal year by at least two hundred million dollars,
85 for all tax years beginning in that calendar year and thereafter, a tax is hereby imposed
86 upon the Missouri taxable income of corporations in an amount equal to five and one-
87 fourth percent of Missouri taxable income.

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